DOCUMENT RESUME

ED 136 636 HE 008 642

AUTHOR Post, A. Alan
TITLE Legislative, Financial Issues in Higher Education: 1976 and Beyond.
INSTITUTION National Association of Coll. and Univ. Business Officers, Washington, D.C.
PUB DATE Dec 76
NOTE 5p.
AVAILABLE FROM National Association of Coll. and Univ. Business Officers, One Dupont Circle, Suite 510, Washington, D.C. 20036 (1-10 copies, free, 11 or more, $0.15 ea.)
JOURNAL CIT NACUBO Professional File; v8 n10 Dec 1976

EDRS PRICE MF-$0.83 Plus Postage. HC Not Available from EDRS.
DESCRIPTORS Administrative Personnel; Adult Students; Campus Planning; *Curriculum Enrichment; Educational Coordination; *Educational Economics; *Educational Finance; Educational Trends; Enrichment; *Enrollment Trends; *Higher Education; Library Facilities; Research; *State Schools; Student Financial Aid; Teaching Load
IDENTIFIERS *California

ABSTRACT

The next decade in higher education will show a leveling and decline in enrollment accompanied by a significant shift from program expansion to program enrichment. Educators will face a challenge of trying to convince governors and legislators of the benefits of enrichment within the existing unclear economic picture where education must compete with other areas for existing funds, and higher education must compete with other areas of education, and where the general public is questioning the value of higher education. Program enrichment entails such factors as the balanced campus, improved libraries, teaching enrichment and faculty workload, and research. In addition to program enrichment, the next decade will also see an increased emphasis on the nontraditional student, the distribution of student aid, and a new sphere of influence for coordinating bodies. The author cites specific examples from the California experience in the presentation and describes the issues from the Business Officer's point of view. (JMF)

****
* Documents acquired by ERIC include many informal unpublished *
* materials not available from other sources. ERIC makes every effort *
* to obtain the best copy available. Nevertheless, items of marginal *
* reproducibility are often encountered and this affects the quality *
* of the microfiche and hardcopy reproductions ERIC makes available *
* via the ERIC Document Reproduction Service (EDRS). EDRS is not *
* responsible for the quality of the original document. Reproductions *
* supplied by EDRS are the best that can be made from the original. *
****

ED136636

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

NACUBO Professional File

PERMISSION TO REPRODUCE THIS COPYRIGHTED MATERIAL BY MICROFICHE ONLY HAS BEEN GRANTED BY

NACUBO

TO ERIC AND ORGANIZATIONS OPERATING UNDER AGREEMENTS WITH THE NATIONAL INSTITUTE OF EDUCATION. FURTHER REPRODUCTION OUTSIDE THE ERIC SYSTEM REQUIRES PERMISSION OF THE COPYRIGHT OWNER

Legislative, Financial Issues in Higher Education: 1976 and Beyond

by A. Alan Post

Although the period of rapid enrollment growth in higher education is over, it would be a misnomer to say higher education will be in a "steady state" during the next decade. For while there will be a leveling and decline in enrollment there will also be significant shifts and changes within and among systems.

In general, it can be expected that as enrollment levels off higher education institutions will shift their emphasis from program expansion to program enrichment. In so doing, administrators at public institutions will face a significant challenge in trying to convince governors and legislators of the benefits of enrichment. This will be true for several reasons.

First, the general economic picture is unclear. The availability of state and federal funding for education as well as other programs will depend to a great extent on the performance of the economy. Unless there is a definite, sharp increase in economic performance, politicians will probably be reluctant to gamble on the future.

Second, the general public is questioning whether as many persons need higher education as have historically sought it or are seeking it today. During the late 1950s and early 1960s, higher education — in fact education generally — received support from a public which had almost unlimited faith that both personal and societal benefits derived from education. In the mid 1960s, however, public attitudes changed in the face of conditions involving campus disorders and large numbers of unemployed, highly educated engineers and technicians. The public attitude has become somewhat more positive than it was during those trying times. But we have not returned to the unquestioning acceptance of the value of higher education that was true fifteen years ago. This time public skepticism is not colored so much by an emotional anti-academic issue as it is by economics. Employment and alternative investment of funds are the more significant factors today.

Finally, there is the issue of competing demands. Governors and legislators will have to weigh requests for higher education program enrichment against other program demands. In California, for example, the legislature is facing the need to reform the elementary and secondary school finance system to comply with Serrano vs. Priest.[1] This could involve a significant state cost. In the social services area, there is pressure to increase grant levels for welfare recipients and to increase Medicaid payments. And cities and counties are asking for increased aid.

States which do not rely heavily on income taxes — or other types of taxes that produce revenue in proportion as inflation drives up personal incomes — will suffer ongoing budget problems. This is because costs will rise with continuing inflation, but revenues will lag. In that type of financial environment, the competition for increasingly scarce resources will be intense. The sooner it is realized that there is a necessity for tax systems which are neutral (elastic) with inflation, the more rational the budget choices will become. In the meantime, the majority, if not all, states will face increasingly difficult fiscal times.

With this cautious overview, some specific issues in higher education may be identified which could have significant fiscal and policy implications for the future.

Program Enrichment

The concept of program enrichment in higher education entails a number of factors. Some of the most significant are among the following.

The Balanced Campus. With a period of rapid expansion drawing to a close, California has seen a push by higher education institutions for the balanced campus. In the state university and college system (an outgrowth of state colleges), this pressure has been for (1) comprehensive course offerings in all disciplines, and (2) the construction of additional facilities. In the University of

[1] 5 Cal. 3d 584, 487 P. 2d 1241, 96 Cal. Rptr. 601 (1971).

© 1976 NACUBO, All Rights Reserved

California system this pressure has been for additional professional schools.

The counter argument to these requests, of course, is that in a no-growth, fiscally tight situation, there should be greater concern for efficiency. Instead of a hard policy of providing individually balanced campuses, enrollment should be reallocated among institutions. In some extreme cases it may be economically feasible, for example, to consolidate enrollments and drop programs or even to close certain campuses (admittedly this would be difficult politically) rather than to construct additional space at high-demand campuses.

In general, it can be expected that as enrollment levels off higher education institutions will shift their emphasis from program expansion to program enrichment.

Pressure to expand professional schools must be weighed against the demands of the labor market. There is an oversupply of personnel in many professions, particularly law and teaching. If the optimum utilization of medical personnel could be assumed, this might also be true in medicine. Generally speaking, from a cost-benefit standpoint, expansion of professional schools cannot be justified. The California Legislature recognized this fact last year, for example, and refused to establish an additional public law school in San Diego. And the assembly is presently considering a bill which would restrict the growth in certain medical specialty training programs in an effort to encourage students to focus on primary care, an area with unmet need.

Improved Libraries. A component of program enrichment which is important to many educators is improved libraries for both teaching and research. With the increase in book prices and construction costs, enrichment in this area is expensive. Because many research items are of a special nature and have limited use, it seems likely that pressure for additional resources will be countered by the efficiency argument. With computer and video technology, it is possible to establish central resource libraries to serve multicampus systems. It is true that this type of arrangement means the loss of instant access on a particular campus. But it is rare that such immediate service is necessary.

Teaching. Much of the pressure for program enrichment will focus on teaching. One aspect of teaching enrichment is faculty workload. As an alternative to reducing personnel where enrollment drops, there will undoubtedly be pressure to maintain existing staff levels by means of reducing course unit workload.

A complicating factor in any discussion of faculty enrichment is the increasing percentage of faculty who move into the upper ranks during a time of declining or steady enrollments. This increases personnel costs and puts pressure on the budget. As senior people retire, there will be pressure from faculty to replace them with persons of comparable rank so as to maintain a steady state in terms of departmental prestige. The budget people, however, can be counted on to push for filling vacancies on an entry level basis in order to control costs.

Some tradeoffs in this area could result from increased reliance on educational technology. At the undergraduate level, we are seeing more and more use of computer-assisted learning. Although initial investment is high for some of this equipment, there may be some long-term labor savings. To the extent such savings occur, they might be used for other faculty enrichment purposes.

Research. Additional funding for research will be requested as part of program enrichment. It will be argued that instead of trimming back faculty to reflect declines in enrollment, research time should be expanded, filling in behind decreasing course loads.

In reviewing such requests, legislators and governors will almost certainly put pressure on higher education institutions for applied research which is relevant to current public policy issues. Public policy makers have had problems in the past obtaining research which has a direct bearing on public policies. As public issues center more around technology, such as that dealing with air and water pollution and alternative energy sources, the need for useable research information becomes more critical.

Other Issues

In addition to program enrichment, there are other issues which will be significant in the next decade. Some of them are old; others are just developing.

Student Clientele. With a decline or leveling of regular enrollment, higher education will tend to move outward in recruiting new students, particularly adults who are beyond normal college age but who seek educational enrichment or background for new careers. This is already happening in California, particularly at the community college level.

During the period of rapid growth in higher education, there was reluctance on the part of four-year institutions to embrace the concept of the university without walls. There was little room for the part-time student in many departments. Extension-type courses were offered but usually without regular degree credit. Regular faculty

A. Alan Post *is legislative analyst for the state of California. His career includes work as an economist with the U.S. Department of State and the position of chief economist-administrative analyst, joint legislative budget committee, state of California (1945-50). He holds an A.B. degree from Occidental College, an M.A. in economics from Princeton University Graduate School, and an L.L.D. from Occidental College. This paper is based on an address presented at the WACUBO annual meeting May 2-5 in Albuerque.*

members were reluctant to teach such courses or deal with part-time students. Indeed, in many instances, part-time students were viewed suspiciously as not being truly committed to higher education.

In the competition for funding in a no-growth atmosphere, traditional roadblocks will break down. Educators can be expected to turn outward and actively recruit the very kind of students to whom they ascribed second-class status in the past.

The policy issue that will then arise is how much of the bill for "nontraditional" students the general public will pay. This issue has already been confronted in California. Last year the legislature and governor agreed to "cap" state support for enrollment increases in high growth programs, including adult education at the high school and community college levels. This cap provided a reduced rate of expansion in state support, which had been increasing at an extraordinary degree.

With a decline or leveling of regular enrollment, higher education will tend to move outward in recruiting new students, particularly adults who are beyond normal college age but who seek educational enrichment or background for new careers.

The drop or leveling off of undergraduate enrollment will also be accompanied by expanded efforts to recruit graduate students. To receive additional graduate program funding, institutions will have to relate program output to job market needs. In providing additional funding, policy makers will be increasingly concerned with achieving specific results. For example, in 1974 a California Legislative Joint Committee on the Siting of Teaching Hospitals recommended that the legislature support and authorize the establishment of medical education programs in the Fresno-San Joaquin Valley region under the sponsorship of the University of California. Accordingly, the legislature appropriated $70,000 in 1974 and again in 1975 to plan the program. However, the legislature also directed that specific areas be emphasized. These included:

1. The training of family physicians or other primary care physicians.

2. The training of medical students and residents with other health personnel to develop appropriate health care delivery models.

3. Research into methods of improving the delivery of primary health services.

4. The decentralization of the clinical training program in order to maximize the beneficial impact of the health care services provided by the teaching program.

This program represents a legislative effort to expand the output of primary care physicians in California, while directing resources toward meeting the problems of maldistribution of medical services geographically as well as in specialities.

Student Aid. There will probably be no major changes in total student aid. However, the distribution of aid may become an issue. For example, in California the governor's proposed budget for 1976-77 increases by 50 percent the state funding of the Educational Opportunity Programs. The policy issue before the legislature is whether to use the money to (1) serve additional students, (2) increase grant amounts, or (3) increase the scope and quality of services provided to present recipients. Staff members in this writer's office believe that there is ample student aid money available. In fact, student aid goes unused at the University of California. Therefore, the recommendation from this office is that any additional funds be used to improve support services, such as counseling and tutoring, to current aid recipients.

Coordinating Bodies. As state policy makers evaluate the requests of higher education for program enrichment, including additional facilities, there is increased opportunity for coordinating bodies to have considerable influence. Studies of job market demands, system-wide space utilization, and other factors will provide useful inputs, particularly if the coming decade of low enrollment growth is also a time of marginal economic growth.

Conclusion

The coming decade will be critical for higher education. There will be pressure to reduce the proportion of public support as enrollment drops. This will make the job of business officers more complex for it will become increasingly difficult to reallocate resources to meet fixed costs. Higher education will have a major task in convincing policy makers of the need for continued and expanded support. Its position will have to be well documented and based upon demonstrated benefits.

While this decade may be traumatic for higher education, it is time for a reassessment. Higher education will be forced to look critically at itself in terms of its relevance and benefit to society. Out of that experience can come some positive and productive results.

Professional File *is a series of occasional papers published by the National Association of College and University Business Officers, on subjects related tc the management of and accounting for financial and physical resources in higher education. The treatment may range from the conceptual to the practical. Views expressed are those of the authors; publication does not signify acceptance or endorsement by NACUBO. Copies of* Professional File *up to ten are available on request. Larger orders are available at a price based on 15¢ per copy.*

NACUBO

One Dupont Circle • Suite 510
Washington, D. C. 20036

Non-Profit Organization
U. S. POSTAGE
PAID
WASHINGTON, D.C.
PERMIT NO. 5371